

USDA

Form RD 460-2

(Rev. 4-97)

SUBORDINATION BY THE GOVERNMENT

Position 1 (Chattel Security)

Position 5 (Real Estate Security)

The United States of America acting through the United States Department of Agriculture (called the "Government") is the owner and holder of the following-described instruments executed by _____ and _____ of _____

County, State of	Date of Instrument	Date Filed	Office Filed	Document File or Book No.	Page No.
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AND, _____ (called the "Lender") has agreed to loan \$ _____ to _____ and _____ (called the "Borrower") for the following purposes:

THEREFORE, in consideration the Lender's agreement to make such loan to Borrower, the Government (1) consents to the Borrower obtaining the loan from the Lender for such purposes, and (2) agrees to and does subordinate in favor of the Lender and its successors and assigns its liens of security interests created or evidenced by the above-described instruments insofar as they cover the following-described property and provided the Lender perfects a lien on that property:

This subordination is limited to the amount actually loaned by the Lender to the Borrower (principal and accrued interest) for the forgoing purposes and also the amount actually advanced for foreclosure costs and other advances made or to be made by the Lender, for a total limitation not to exceed \$ _____.* Any amount which is in excess of this figure will not be covered by this subordination unless prior written consent was obtained from the Government for incurring the expenditure in question. The Lender must incorporate into the borrower's note a statement that the loan will be in default should any proceeds of the loan funds obtained as result of this subordination be used (1) for a purpose that will contribute the excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, provided by 7 C.F.R. part 1940, subpart G, or (2) for any purpose not provided for above.

IN WITNESS WHEREOF, The United States of America has caused this subordination to be signed on the _____ day of _____, _____, pursuant to the delegated authority published in 7 C.F.R. part 1900, subpart A.

UNITED STATES OF AMERICA,

WITNESS: _____

BY _____

TITLE _____

U.S. Department of Agriculture.

*(NOTE TO LENDER: You are advised to obtain a perfected security interest on the above property. When the indebtedness has been satisfied please mark this for "PAID IN FULL" and return it to the Department of Agriculture at the

following address: _____.)

STATE OF _____ }
COUNTY OF _____ } ss:

ACKNOWLEDGMENT

On this _____ day of _____, _____, before me, the subscriber, a _____, in and for above county and State, appeared _____, known to me to be _____, United States Department of Agriculture, and the person who executed the foregoing instrument, and he/she acknowledged to me that he/she executed the same as the free act and deed of the United States of America, for the uses the purposes mentioned in it.

IN WITNESS WHEREOF, I have set my hand and seal at _____

_____ the day and year listed above.

[SEAL] _____

My commission expires _____

(Signature)

(Title)